

ESTTA Tracking number: **ESTTA625471**

Filing date: **09/05/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91216576
Party	Plaintiff Carolina Moon Distillery, LLC
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Submission	Motion to Dismiss - Rule 12(b)
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Attachments	Opposer's Response to Applicant's Motion to Dismiss_v4.pdf(161244 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**  
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

For the mark of <i>Carolina Moon</i>	)	
Published in the Official Gazette on 5/20/14	)	
Carolina Moon Distillery, LLC vs.	)	
Opposer	)	Opposition # 91216576
	)	US TM Appl No 86/011077
v.	)	
	)	
Terressentia Corporation	)	
Applicant	)	

**OPPOSER’S MEMORANDUM AND RESPONSE TO APPLICANT’S MOTION TO DISMISS**

Preliminary Statement

Carolina Moon Distillery, LLC (hereinafter “Opposer”) has opposed Terressentia Corporation’s (hereinafter “Applicant”) Trademark Application No 86011077 for the name “Carolina Moon”. Applicant has filed a motion to dismiss pursuant to Fed.R.Civ.P. 12(b)(6). It is Opposer’s contention that Applicant’s Memorandum and motion failed to meet the threshold to support a motion to dismiss the Opposition to the Mark.

The above-identified Opposer believes that it will be damaged by dismissal of its opposition and that applicant has failed to present a sound argument that Opposition has not presented a set of facts supportable and that by common law principles, there is an argument for estoppel and latches which the Appeal board must consider.

## FACTS

1. As of Oct 17, 2011, Carolina Moon, LLC has been in existence under S.C. State law. No dispute made by Applicant of this fact in Applicant's Motion to Dismiss.
2. Various actions of use are described in Opposer's Amended Notice of Opposition which is not in dispute in Applicant's Motion to Dismiss.
3. Opposer has filed a Concurrent Trademark Application for CAROLINA MOON DISTILLERY on June 19, 2014 under serial number #86314403.
4. Both Applicant and Opposer sell distilled spirits under Federal and State of South Carolina Alcohol Beverage Licenses authority.
5. Opposer is a "Micro-Distillery" under the definition of South Carolina Code Ann. 61-4-160. The term "Micro Distillery" has the connotation of a craft or artisan distilling company which distills from raw grains and alcoholic spirit, bottles and then sells to wholesale alcoholic sellers. The designation of being a 'Micro Distillery' is valuable and attractive due to this impression by the general public that its spirits are produced on premises and without the addition of purchased neutral grain spirits.
6. Applicant is a major wholesaler/distillery which has promoted its techniques and patented processes on a nationwide basis in the manufacturing of distilled alcoholic spirits, refining neutral grain spirits purchased from outside sources, rebottling and repacking said product as one of their own. They do not generally sell their product under their corporate name but rather under the various trade names of its customers.

### **OPPOSITION SHOULD NOT BE DISMISSED FOR FAILURE TO STATE A CLAIM**

The Rule 12(b)(6) test has been revised in recent years. In *Conley v. Gibson*, 355 U.S. 41 (1957), the Supreme Court stated the interplay between Rule 8 (pleading) and Rule 12(b)(6) as follows: "[T]he accepted rule [is] that a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." 355 U.S. at 45-46. In *Bell Atlantic Corporation v. Twombly*, 55 U.S. 544 (2007), the Court noted questions raised regarding the "no set of facts" test and clarified that "once a claim has been stated adequately, it may be supported by showing any set of facts consistent with the allegations in the complaint," *id.* at 563. It

continued :“Conley, then, described the breadth of opportunity to prove what an adequate complaint claims, not the minimum standard of adequate pleading to govern a complaint’s survival.” Id. In Ashcroft Opposition to Motion to Dismiss 1

Case 1:12-cv-01034-JEB-JRB-RLW Document 23 Filed 09/04/12 Page 1 of 8v. Iqbal, 556 U.S. 662 (2009), the Court further elaborated on the test, including this statement:

“To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to “state a claim to relief that is plausible on its face.” Id. at 1949 (citation omitted).

Where a complaint is inadequate, leave to amend the complaint is common. See, e.g., Butt v. United Brotherhood of Carpenters & Joiners of America, No. 09–4285, 2010

Based upon the proposed facts of this claim of Opposition, there are sufficient facts raised below which would require the Appeal Board to consider allowing the case to move forward and not be summarily dismissed.

#### **PRIOR ESTABLISHED ‘USE’ OF THE NAME CAROLINA MOON DISTILLERY**

What constitutes a use?

It is a federal crime for any alcohol distillation and production to sell manufacture, possess or sell without a federal and state license. Opposer sought possession of its trademark protection of CAROLINA MOON DISTILLERY, Serial # 86314403 in a commercially reasonable time after obtaining its federal and state license.

Under Section 203 of Federal Title 27, Federal Alcohol Administration Act, It is

“...In order to effectively regulate interstate and foreign commerce in distilled spirits, wine..., to enforce the 21<sup>st</sup> amendment, and to protect the revenue and enforce the postal laws with respect to distilled spirits:

a) it shall be unlawful, except pursuant to a basic permit issued by this subchapter by the Secretary of the Treasury—

- 1) to engage in the business of importing distilled spirits
- 2) for any person so engaged to sell, offer or deliver for sale...
- 3) to engage in the process of distilling distilled spirits,
- 4) to offer to sell distilled spirits. Et. Seq.

Applicant's position is that "USE IN COMMERCE" only begins where the alcoholic product which the two companies produce are available for sale. However, the reality is that no USE IN COMMERCE is permitted when dealing with a controlled substance such as alcoholic beverages.

Additionally, Opposer Carolina Moon Distillery, LLC. has been holding itself out to the world, via State of SC incorporation, various federal and state licensing, federal tax obligations, advertisement, social media and to the public as the business known and doing business in commerce as "CAROLINA MOON DISTILLERY" since October 17, 2011. This is more than 30 months before Applicant filed for a trademark of CAROLINA MOON.

Applicant notes Life Zone, 87 U.S.P.Q.2<sup>nd</sup> 1953 as controlling case law here. Furthermore, it relies on Cullman Ventures, Inc. v. Columbian Art Works, Inc., 717 F. Supp. 96, 113, 13 U.S.P.Q.2<sup>nd</sup> 1257 (S.D. N.Y.1989) to support its position that mere advertisement of a product by use of a mark may not constitute common law trademark use. Common Law trademark rights develop when goods bearing the mark are placed in the market and followed by continuous commercial utilization."

#### **MARYLAND STADIUM AUTHORITY (MSA) V. BECKER AND ANALOGOUS USE**

There is analogous use of the trademark "CAROLINA MOON" by Carolina Moon Distillery, LLC, (Opposer) before it's actual and legal sale of the distilled spirit bearing its name. This is sufficient to define 'use' under Maryland Stadium Authority v. Becker, 806 F. Supp. 1236 (1992) p.166.

Becker is especially relevant since in Becker it was argued that MSA's use of the name 'Camden Yards' as the name of the sports complex was insufficient to create trademark rights prior to July 1991 because MSA had not sold goods or services with the Camden Yards mark by that time. The argument made was without merit. Although the sale or shipment of goods in commerce is necessary as part of a valid trademark application, *see In re Cedar Point, Inc.*, 220 U.S.P.Q. 533, 535-36 (TTAB 1983), the sale of goods or services using an unregistered mark is not necessary to establish use of the mark. *See New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418 (1st Cir.1951).

In **Kinark**, Advertising and promotion is sufficient to obtain rights in a mark as long as they occur "within a commercially reasonable time prior to the actual rendition of service ...," *Kinark Corp. v. Camelot, Inc.*, 548 F.Supp. 429, 442 (D.N.J.1982), and as long as the totality of acts "create[s] association of the goods or services and the mark with the user thereof." *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1200 (9th Cir.1979) (citing *Hotel Corp. of America v. Inn America, Inc.*, 153 U.S.P.Q. (BNA) 574, 576 (1967)); see also *Selfway, Inc. v. Travelers Petroleum, Inc.*, 579 F.2d 75, 79 (C.C.P.A.1978).

The relevant facts here are that Opposer, Carolina Moon Distillery began use of the mark in 2011 in business, contracts signed, purchases made, presence established on the internet and the controlled alcoholic product was subsequently produced and sold in December 2013. Through various difficulties of obtaining a license permitting the production of alcoholic spirits, there was some delay in the actual production and sale of the spirits but the delay was 'commercially reasonable' and the advertisement of the unregistered mark was continuous and well before the registration of the mark by Applicant in June 2014.

#### **POSSIBLE AND LIKELY MISREPRESENTATION TO THE GENERAL PUBLIC**

Arguably, if Applicant is permitted to register the trademark, Carolina Moon; the general public would and should ask themselves; Who is this company? Is there a pre-existing already doing business company located in Edgefield, SC? Carolina Moon Distillery, LLC. was incorporated in 2011 has been doing business as Carolina Moon Distillery and seems to be selling similar products and with a similar name. There can be actual future misrepresentation by the Applicant that they are in fact the same business, capitalizing on the previously earned and cultivated business good will and reputation of the Opposition Corporation.

Applicant should be precluded from use of the name Carolina Moon on any distilled spirit product where it attempts to do business in the State of South Carolina due to the fact that Carolina Moon Distillery, LLC is an incorporated entity, has been actively doing business in the state of South Carolina since 2011. The consumer could and may confuse the Applicant's product, which has not been marketed nor produced for the consumer but which is intended to be used in the future with a product already on the shelves and currently being sold to the public.

## **GOOD FAITH OF OPPOSER AND BAD FAITH OF APPLICANT**

### **GOOD FAITH**

Opposer has been doing business under the name 'CAROLINA MOON DISTILLERY' since 2011, and has been using the Trademark pending name of CAROLINA MOON DISTILLERY on its products since its own filing on July 19, 2014 under Serial # 86314403.

Opposer has used its Corporate and trade name, Carolina Moon Distillery, on its various alcoholic spirit products on the current market since December 2013, they are: Black Betty Whiskey, Carolina Moon Distillery Moonshine, Carolina Moon Distillery Peach Moonshine, Carolina Moon Distillery Blueberry Moonshine, Carolina Moon Distillery Blackberry Moonshine, Carolina Moon Distillery Scuppernong Moonshine, and Carolina Moon Distillery Cherry Moonshine. Two additional products are coming to the market shortly; specifically Ole Tom Whiskey and Blockade Runner Rum.

A separately licensed business, dba as *Pao Lin's Pretty Gifts*, Retail License #019047014, rents space and operates a souvenir and gift shop within the Distillery has been operating since October 2013 and selling products, with license bearing the name corporate name of Carolina Moon Distillery, LLC. This business sells no alcoholic spirits.

### **BAD FAITH**

The Trademark Act now defines "use in commerce" as "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." Plainly, the mere token use made solely to reserve a right in a mark can no longer meet the statutory definition.

Applicant argues that Opposer's failure to register showed a lack of good faith intent to use the mark. Omission, in and of itself does not prove this allegation. Rather, an omission or oversight to file for trademark protection by the Opposer, by a period of less than 60 days cannot be interpreted as anything except clerical oversight by principals.

On the other hand, the alleged 'poaching' by Applicant to reserve the mark, CAROLINA MOON" with an INTENT TO USE APPLICATION merely to misappropriate the trade name when it quite possibly and allegedly could easily have heard about the catchy trademark name of Carolina Moon via mutual friends and relatives and the genuine grapevine 'buzz' of the existence of a micro distillery with a similar product already in development/production.

It is a fact that the brother of one of the Carolina Moon Distillery, partners was and still is a good friend of Terressentia's Attorney of Record and that in fact, they were college roommates when they studied at the University of Clemson.

It is a fact that Applicant Terressentia currently has no product available in the spirit market with the intended trademark for sale at the current time.

It is a fact that after numerous attempts to register the trademark, Applicant was finally allowed to file its trademark application for the name 'Carolina Moon'. Applicant was initially unable to register Carolina Moon, without disclaimer to the term, "Carolina", then without disclaimer and waiver of exclusive use to the term "Moon" and they moved only to use the common terms of 'Carolina Moon' together for their future product in category 33.

Allegedly then, it can be argued that Applicant has acted in bad faith when it proceeded to file its trademark application for the trademark of 'CAROLINA MOON' when even a casual search of South Carolina State Government records on various sites for incorporation, internet domain registration records and or websites search would have quickly uncovered the Opposer's established identity and business.

The facts of these issues support this matter going forward to the trier of facts and cannot be summarily dismissed in this proceeding for Summary Judgment. Issues of Estoppel and other common law considerations of fairness should prevent Applicant's Motion to Dismiss under Fed Rule 12(B)(6) from going forward. It has been argued that

**"Pre-Use advertising by Opposer may not be enough to securer the TM for itself but clearly precludes someone else from using it."**

### **1-800CONTACTS v WHENU.COM**

Under 1-800CONTACTS v WHENU.COM, 309 F.Supp.2d 467 (S.D.N.Y., 2003-12-22), reversed in part and remanded, F.3d—2d. Cir., 2005-06-27 dealt with the issue of domain naming and redirecting. The Court noted it would look at the strength of the mark, products, channels of trade, use and advertising, customers, actual confusion, good/bad faith.

We can apply some of the principles of WHENU in these circumstances as follows:

1. The domain name "Carolina Moon Distillery.com" is the overwhelmingly the most visible domain which all search engines arrive at via a casual search for the term "Carolina Moon" on the Internet.



2. Carolina Moon Distillery, LLC has continuously used and advertised of its name, Carolina Moon Distillery since October 11, 2011. Carolina Moon Distillery, LLC has an undisputable “BONA FIDE” use of the mark since opening its Tasting Room in December 2013 and selling Distilled Spirits under the trade name of Carolina Moon Distillery.  
Under Maryland Stadium Authority *v.* Becker, 806 F. Supp. 1236 (D. Maryland 1992)  
District Court, D. Maryland

Principals of Estoppel Should Apply here and

Actual Harm will be Incurred by Approval of the Applicant's Trademark

Carolina Moon Distillery, the Opposer to this application is defined under the South Carolina Code Ann. 61-4-160 as a 'Micro Distillery'. It is a company which is dedicated to the production of raw materials into small batch distilled spirits, bottled and labeled on site. It does not buy nor sell unrefined spirits otherwise known as 'NGO' spirits or neutral grain spirits. The label and designation and term of 'micro distillery' is a valuable one and just as being labeled 'an organic product' or a 'local' producer of a product, the term 'micro distillery' carries with it a substantial amount of distinction and prestige.

Conversely, the applicant is a large mega producer of spirits, purchasing unrefined spirits from other producers, distills and rebottles under various names and third party customers. Under South Carolina law, it is required to comply with SC Code 61 and sell its product to a distributor and may not sell direct to a retailer. Very different sorts of distillers and companies; think of the legend of David and Goliath.

Opposer Carolina Moon Distillery hereby argues that any confusion created by issuance of similar trademarks in similar classes or similar products would harm the smaller and more unique corporation, Carolina Moon Distillery, damaging its valuable and coveted status it has earned as that of a true 'MICRO DISTILLERY', exclusively distilling and bottling all its grain and fruits on site in Edgefield, SC.

In fact, this term has become so valuable that larger mega distributors and producers are quickly attempting to get into the micro distillery world due to the cache it generates with customers. Consumer buying from a micro distiller is a greater more desirable trend today than buying from a mega manufacturer to the US consumer. <http://keranews.org/post/small-batch-distilleries-ride-craft-liquor-wave>; <http://www.thedailybeast.com/articles/2014/07/28/your-craft-whiskey-is-probably-from-a-factory-distillery-in-indiana.html>; [http://blogs.ocweekly.com/stickaforkinit/2014/07/mgp whiskey distillery daily beast eric felten rebuttal.php](http://blogs.ocweekly.com/stickaforkinit/2014/07/mgp_whiskey_distillery_daily_beast_eric_felten_rebuttal.php)

Under principals of Estoppel, it would be unfair for Applicant Terressentia to be permitted to register this trademark for its product under International TM category #33, Carolina Moon Distillery would be damaged by the registration of the opposed mark with respect to current investment and expenses incurred to date.

With an established 'brick and mortar' location, local visitors can come to our physical location in Edgefield, SC, see our window signs of *Carolina Moon Distillery*, visit an historic town, walk in and buy a bottle of distilled spirits from the *Carolina Moon Distillery*.

Incurred expenses to date are as follows:

- a) Labels have been created and are applied on various distilled spirits sold by Carolina Moon Distillery and all say "Carolina Moon Distillery" on their face. Labels, as approved by the federal agency TTB all have been approved utilizing the name Carolina Moon Distillery, as submitted by previous evidence in support, creating terrible confusion to the general public with respect to the sale and marketing of the products, to wit: Distilled Spirits.
- b) Carolina Moon Distillery, LLC would have to amend its pre-existing licenses with the Federal Government, South Carolina Government, Edgefield County License, Town of Edgefield License, Document and FEI with the Internal Revenue Service.
- c) Store Frontage signage has been purchased and applied to the brick and mortar site.
- d) Portable Signage, leaflets, promotional material and other printed has been purchased and distributed.
- e) Advertising expenses for the past 24 months which have been in the name of Carolina Moon Distillery.
- f) Last but certainly not the least, Business 'good will' and name recognition generated for the past 24 months. Business 'good will' is a recognized asset per IRS determination.

On the contrary, Applicant Terressentia to date, has suffered no actual damage or obvious business expenses to their name, company, product (or lack thereof) reputation, with the minimal expense of filing fee for the mark.

### **CONCLUSION**

Applicant's Motion to Dismiss the Opposition Action should be dismissed and the case be permitted to go forward and be reviewed at Trial.

/Pao Lin Hatch/

Pao Lin Hatch, Member of the Maryland and Florida

Attorney of Record

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Certificate of Service

I, Pao Lin Hatch, hereby certify that a true and complete copy of this Opposer's Response to Applicant's Motion to Dismiss regarding Opposition no. 91216576 was served on Applicant's course of record via 1<sup>st</sup> class mail on \_\_\_\_\_ as follows

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